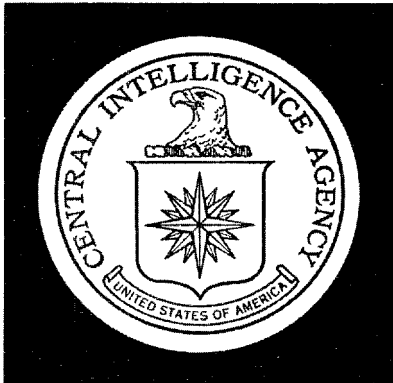


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INTELLIGENCE

# *WEEKLY SUMMARY*

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(Information as of noon EST, 22 November 1967)

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## FAR EAST

The Communist campaign in the Dak To area of South Vietnam's central highlands, now in its third week, has developed into the most intensive and prolonged fighting since the Ia Drang Valley battle two years ago. This major operation and extensive Communist military preparations throughout the central highlands appear intended to demonstrate the Communists' determination and capacity to outlast the allied forces and to inflict heavy casualties on them.

The National Liberation Front stole the march on Saigon by announcing 72-hour truces during the Christmas and New Year holidays and a seven-day lull during the lunar new year in late January.

In Saigon, President Thieu and National Assembly leaders are still preoccupied with organizing the new government. The continuing problems caused by tensions between Thieu and Vice President Ky were reflected in Prime Minister Loc's private complaint about the confusion created by conflicting directives issued by the two leaders.

The week brought no significant signs of a break in the apparent standoff between militant Maoists and moderate forces in Peking. The presence of many provincial military leaders in Peking in the past month suggests that high-level conferences have been taking place, but the conflicting lines in Peking's propaganda would seem to indicate that major issues remain unresolved. At least some of the violence that continues to spread in China probably has been encouraged by militant Maoists in an attempt to influence the political balance within the top leadership.

Recent elections in the Philippines recorded sweeping victories for President Marcos' Nacionalista Party. Although the President's prospects for re-election in 1969 have been strengthened, it remains to be seen whether he will be able to translate the election gains into greater party discipline and progress on economic reforms long resisted by the Senate.

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## VIETNAM

The third week of fighting in the area surrounding the US strongpoint at Dak To resulted in a large number of friendly casualties as Communist main force units renewed their vigorous efforts to pin down American troops in southwestern Kontum Province.

Heavy fighting developed when US patrols encountered elements of several North Vietnamese Army (NVA) regiments--the 32nd, 66th, and 174th--in the hills southwest of Dak To. The current Communist tactics have been to engage American units and then withdraw to well-prepared defensive positions in favorable terrain where they can concentrate maximum firepower.

This confirms that one of the primary goals of the Communist forces in the current winter-spring campaign is to pin down and destroy major allied units in the central highlands. The heavy jungle canopy, the lack of landing zones for helicopters, and the steepness of the mountains make American troop movement and supply efforts in this area the most difficult yet faced in South Vietnam. The Communists' apparent intention to wage a long campaign is reflected in the discovery of many enemy caches of ammunition, the presence of an extensive series of bunkers and other well-constructed defensive positions, and the presence of as many as 8,000 enemy troops in the area.

Elements of the NVA 24th Regiment have now spread the battle area north and east of Dak To, while other enemy units are apparently expanding their efforts to engage and tie down friendly forces as far south as central Darlac Province. 25X1  
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ex-tensive preparations are presently under way by the North Vietnamese units throughout the central highlands in an effort to extend allied forces on a wider front. All of the Communist forces are under the control of the B-3 Front, the over-all command authority in the western highlands.

As the campaign progresses, an increase can be expected in attacks on US Special Forces camps and other remote outposts, in ambushes staged against allied supply convoys along strategic Routes 14 and 19, as well as in mortar and rocket attacks on vital allied installations in Pleiku and Darlac provinces.

#### Activity in the Laos Panhandle

Reports from the Laos panhandle indicate that Hanoi has resumed large supply shipments to South Vietnam following the end of the rainy season. Through the first 18 days of November, at least 195 trucks were observed moving south on Route 23 just south of the Mu Gia Pass. On Route 912, the second road from North

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Vietnam into Laos, over 300 trucks were spotted by aerial observers in late October. It is also clear from photography that heavy stockpiling has been going on in the Mu Gia Pass area since at least September in anticipation of dry weather.

#### Politics in South Vietnam

President Thieu has reportedly begun organizing his personal office staff. The key position in the office of the presidency will be that of secretary general, and it appears that Nguyen Van Huong, a close adviser and the manager of Thieu's presidential campaign, is slated for the post. Thieu's present military and administrative staff will be retained, but apparently will come under Huong's supervision. Several specialized advisory councils will also be attached to the President's office.

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The two houses of the National Assembly continue to move ahead with their internal organization. In the upper house, work is proceeding slowly on internal rules. Members have voted, however, to allow formation of blocs with a minimum membership of 15, as opposed to the original proposals that would have allowed the formation of only two blocs in the 60-man body. In the lower house, validation of the membership is almost completed and discussion of internal rules may soon begin. The lower house has devoted considerable discussion to the plight of 17 students who were drafted for demonstrating against the election, and has agreed to create a ten-man committee to discuss the matter further with the government. The principal officers of this committee are outspoken opponents of the government, who may hope to embarrass it over an issue inherited from the previous military regime.

On 18 November, the Communists ordered their military forces to observe a cessation of all military attacks for 72 hours during both the Christmas and New Year holidays and a seven-day lull during the lunar new year (Tet). This action steals the march on President Thieu's informal proposal of a few weeks ago for 24-hour

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cease-fire periods at Christmas and New Year, and only 48 hours for Tet. The Viet Cong announcement also makes the Christmas and New Year cease-fire periods 24 hours longer than the corresponding periods they called for last year.

#### Hanoi's Air Defenses

North Vietnamese air defense units were unusually successful in downing 18 US aircraft in intensive operations in the Hanoi/Haiphong area between 16 and 20 November. The effectiveness of the Communist defense appears to have been the result of a more vigorous application of established

tactics rather than of any new weapons or procedures.

An exceptionally high level of surface-to-air missile and anti-aircraft artillery (AAA) fire was reported. Although many of the missiles were fired at random, they nonetheless accounted for ten of the US losses while the usually more effective AAA downed only two planes.

Hanoi's MIG force, estimated to consist of only about eight aircraft still operating from bases in North Vietnam, shot down four US planes during this period. Unknown causes claimed two additional aircraft. [REDACTED]

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## CHINESE COMMUNIST POLITICS MARKING TIME

The political situation appeared to remain on dead center last week, with little sign of movement either toward increased efforts to repair ravages caused by the Cultural Revolution or toward gearing up "revolutionary" activity again.

Regime propaganda continued to feature "moderate" themes such as the importance of education and the need to make use of the experience of "old cadres," but these themes were played in a lower key than similar pronouncements made in September and October. Moreover, they are currently linked to such "revolutionary" Maoist concepts as the overriding necessity to maintain close contacts with the "masses" -- normally a euphemism for the Red Guards. The tone of this low-keyed propaganda suggests that a stand-off between proponents of pragmatism and of all-out revolutionary fervor now exists in Peking.

25X1 Current and future policies have probably been the subject of acrimonious discussion in Peking for most of the past month.

25X1 [redacted] not only all important leaders at the center but many of the leading military

figures from the provinces were present in the capital to mark the anniversary of the Russian Revolution. Nearly all of these leaders showed up for a rally of army "activists" on 14 November. High-level conferences involving the military almost certainly took place in the intervening week, and the cautious tone of current propaganda suggests that controversy continues in meetings that may still be under way.

Violence and attendant disruptions continue to increase throughout China. Although the number and seriousness of these dislocations still remains well below that of last summer, trouble seems to be spreading fairly rapidly.

In east China, clashes appear on the upswing in Fukien, Chekiang, Hunan, and Kiangsu provinces. In Canton, tensions among rival Red Guard groups continue to cause disturbances despite a strong military presence attempting to maintain order during the Canton Trade Fair. At least part of these troubles can probably be attributed to covert encouragement by Maoist militants in Peking. [redacted]

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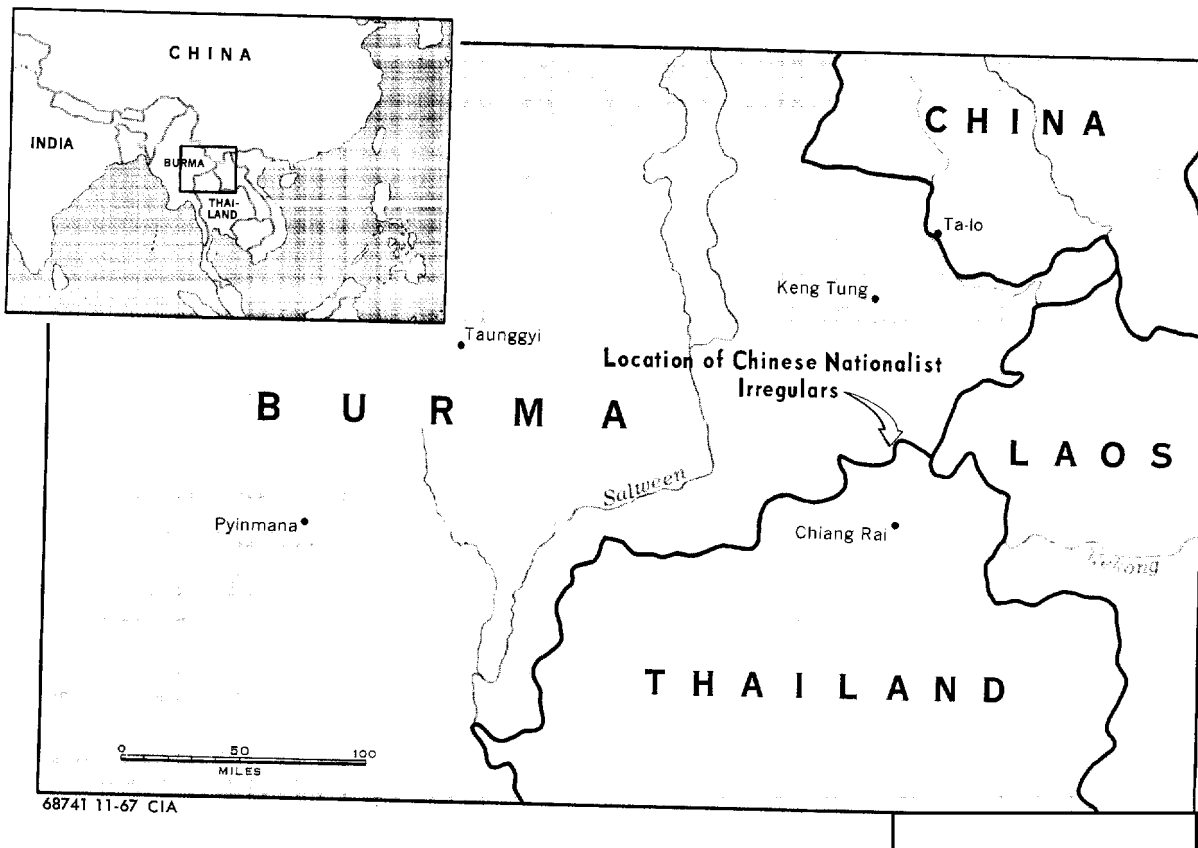
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## THAILAND SEEKS TO CONTROL CHINESE IRREGULARS

The Thai Government has become increasingly embarrassed over the presence of Chinese Nationalist forces in northern Thailand and hopes to curb their activities.

Bangkok underlined its concern last month by ordering the Chinese to leave the country within four months. The leaders of two of the three major Chinese Nationalist groups in Thailand reportedly agreed to the deadline.

The irregulars--now numbering upwards of 1,800--have been operating in the Burma-Thai-Lao border area since 1949, ostensibly to conduct intelligence and low-level military operations against China. The Taiwan government at one time was deeply involved in these activities, but in recent years has provided only limited logistical support. Most of the irregulars' time has been spent running opium and maintaining a secure base of operations. The Thais have consistently closed



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their eyes to the Chinese use of remote mountainous areas in northern Thailand for training and supply activities, primarily because a major Thai military effort would be necessary to force the Chinese out.

The events leading to the recent ouster order from Bangkok began last August when a large Chinese group withdrew into Thailand after a battle with local tribal groups and a Lao Army unit in neighboring Laos. The Thais subsequently moved a regimental combat team up to the border to block the entry of a second Chinese group, which reportedly intended to cross the border from Burma. Bangkok regarded the crossing of the frontier last August as particularly blatant.

Moreover, there may be repercussions affecting Thailand's relations with Burma. A large number of Burmese recruits accompanied the Chinese force and this may have added to Bangkok's conviction it was necessary to make at least a token effort to effect a withdrawal of the Chinese.

The Thais, however, are anxious to avoid a showdown over the issue. Inasmuch as the Chinese irregulars will probably make a gesture toward acceding to the Thai demands, it is likely that Bangkok will quietly return to its previous policy of acquiescing in a discreet Chinese Nationalist presence.

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## PRESIDENT'S PARTY GAINS IN PHILIPPINE ELECTIONS

The Nacionalista Party of President Marcos has won sweeping victories in the recent off-year elections, an unexpected achievement that should strengthen Marcos' prospects for re-election in 1969.

Nacionalista candidates have captured six of the eight Senate seats being contested, as well as over two thirds of the nation's governorships, mayoralties, and other local offices. A pro-administration independent and a Liberal took the remaining two Senate seats.

Liberal Benigno Aquino's outstanding showing was a major setback for the administration. Aquino, a former governor, is a vigorous opponent of Marcos and is now regarded as future presidential material. His victory is being challenged in the Supreme Court on technical grounds. Marcos also failed to block the re-election of the incumbent Liberal mayor of Manila, Antonio Villegas, whose political stock in trade has been baiting the US. His opponent had been personally chosen and vigorously supported by the President.

Marcos will now have nominal control of the Senate, but the progress of his economic programs

will depend in part on his ability to enforce party discipline. Philippine politicians frequently cross party lines for personal advancement, and a defection of several Nacionalistas last January threw control of the Senate to the Liberals. It also remains to be seen whether Marcos will have any greater success in overcoming the Senate's longstanding opposition to economic reforms.

The Nacionalistas' impressive gains in the provinces may well prove more significant than the senatorial victories. Marcos' increased local control will give him greater leverage in implementing development projects and in mustering support for the 1969 presidential elections. Marcos spent far more effort campaigning for provincial candidates than for the Senate hopefuls, who are elected at large.

Election day was generally peaceful after the widespread violence of the campaigns. The Election Commission, however, has come under severe criticism for inefficient voter registration. Possibly ten percent of the electorate was disenfranchised in the general confusion of drawing up new voter lists.

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## EUROPE

Public confidence in Prime Minister Wilson's government declined further with the decision to devalue sterling. All wings of the Labor Party rallied round, however, and there was no immediate danger that the government would fall. The outlook for the longer term is cloudy.

The consequences of sterling's devaluation inevitably became involved in discussions among the Six on Britain's bid for membership in the European Communities. Early in the week, France turned down a proposal by the other members to invite Britain to participate in Community consideration of the impact of devaluation. Further word on the subject may be forthcoming when President De Gaulle holds his press conference on 27 November.

On the draft nuclear nonproliferation treaty (NPT), meanwhile, the Community is increasingly preoccupied with eventual negotiations with the IAEA to find a mutually acceptable solution for applying safeguards. The Germans, in particular, seem more concerned than ever lest the NPT foreclose the maintenance of EURATOM's own safeguard system. In addition, several countries are now raising the question of whether a failure to reach an agreement between EURATOM and the IAEA would oblige the US, as a signatory of the NPT, to suspend the delivery of nuclear materials on which the Community depends.

There is more evidence that Yugoslav-Rumanian relations are recovering from the estrangement of last summer caused by Belgrade's cooperation with Moscow in support of the Arabs. Yugoslav Premier Spiljak visited Bucharest last week and Serbian party secretary Doronjski had been there earlier. Spiljak met with Rumanian Premier Maurer and party chief Ceausescu in what was described as a "warm and comradely atmosphere." The two regimes probably wanted to coordinate their views on a world Communist conference.

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## DEVALUATION MAY FAIL TO SOLVE BRITAIN'S ECONOMIC WOES

Prime Minister Wilson's government will be able to ride out the immediate political storm but it has suffered a serious loss of confidence from the decision to devalue the pound and increase restrictions on the UK economy.

The instinct to rally 'round in time of trouble and in the face of partisan attack by the opposition has served to keep the large Labor majority in Parliament in line, as has the unpalatable alternative of a general election in which many Laborites would lose their seats. New elections are not required before 1971.

The longer term outlook may be different. Party unity is fragile, and many Laborites are bitter about the new deflationary measures--with their prospects for further unemployment and further deprivations for most Britons--that accompanied devaluation. If the economic picture is not considerably brighter next spring, the government may face a serious revolt within the party.

The government's public image has suffered in recent months because of nagging economic problems and a series of political setbacks and blunders. The confession that the past three years of economic sacrifice have been in vain and that even greater sacrifices lie ahead was the crowning blow. Even if the new policy in time produces a substantial improvement in Britain's economic condition, the leadership may not be able to restore public confidence in its ability to govern effectively.

On the positive side, the government's action will probably accomplish the immediate economic objective of ending pressure on sterling and cause a reflow of funds into the UK. The decision by all major countries to hold the present value of their currencies will eliminate most of the speculation about a further devaluation in the near future. The rise in the UK bank rate to eight percent should attract substantial amounts of short-term capital to London.

The prospects are less promising, however, that the new measures will accomplish the changes necessary to effect a lasting surplus in the balance of payments. The devaluation, by making British goods cheaper in foreign markets, should be a considerable aid to British exports, but the program of domestic restrictions may be insufficient to prevent the gains of devaluation from being eaten up by inflationary wage and price increases.

To restrain rises in wages and prices, the government will rely on the type of voluntary cooperation it has gotten during its deflationary program of the past 16 months. The public's shattered confidence in the government, however, could lead to a breakdown in this cooperation. The leaders of Britain's two largest trade unions have already said they will press for some major wage increases.

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## HUNGARY LOOKS TOWARD WESTERN EUROPE

Hungary is renewing its search for ways to expand relations with Western Europe--and West Germany in particular--perhaps even at the expense of its ties to Poland and East Germany.

To this end, the Kadar regime apparently had decided to explore the possibilities for movement toward Western Europe inherent in the so-far amorphous Communist proposals for new European collective security arrangements. Not surprisingly, in view of the regime's dependence on good relations with the USSR, Hungarian leaders first cautiously unveiled their ideas in Moscow.

Speaking on 4 November at the 50th anniversary celebrations, Hungarian party boss Kadar emphasized that it was a state's prerogative to work out a foreign policy consonant with its national interests as a preliminary to coordination of policy among the world's Communist parties.

Kadar was probably clearing the way for an article by Hungarian Premier Fock, which was published in Pravda on 16 November. Fock's thesis that "the German question is the main question of European security," was by itself unexceptionable and was couched in standard anti - West German propaganda terms. Fock also stayed in step with other East Europeans when he expressed support for the "invaluable existence" of East Germany.

He parted company with at least Poland's Gomulka, however,

when he stopped short of endorsing the permanent division of Germany. Moreover, he flatly contradicted Gomulka and other Eastern European leaders who have asserted that a West German renunciation of the use of force as an instrument of policy would be valueless. Fock called instead for acceptance without conditions of such small steps toward solution of complex European security problems.

Publication of Fock's article in Pravda does not necessarily imply Soviet endorsement. The absence, however, of specific adverse Soviet pressure--such as apparently was applied on Hungary last spring immediately after Rumania established diplomatic relations with the Federal Republic--will encourage the Hungarian leadership to continue to explore its new path toward a reconciliation with Western Europe.

Fock's article drew an immediate reaction from the East Germans who, along with the Poles, probably believe that their long-term security interests are threatened. On 16 November, the day the article was published, East German Foreign Minister Winzer said that an East-West German agreement is an "indispensable precondition" for any effective renunciation-of-force arrangements. On the next day, Winzer flew to Moscow, possibly to review the East German and Hungarian positions with the Soviets.

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## MIDDLE EAST - AFRICA

Troubles in the area reached a critical stage this week with the confrontation between Greece and Turkey over Cyprus and serious incidents along the cease-fire line between Israel and Jordan.

Diplomatic efforts were continuing to avert armed conflict over Cyprus as of noon on 22 November, but both Greek and Turkish armed forces remained in a high state of readiness.

The recent clashes between Israeli and Jordanian forces will make it more difficult for Jordan to prevent terrorists from infiltrating Israel and the West Bank. Increased terrorism will almost certainly bring new Israeli retaliation.

The body politic of India broke out this week in a rash of state political crises. The most serious was in populous West Bengal, where the radical-left Communists, who were the most powerful force in a coalition government that was dismissed by the governor, are bent on violent protest. On the other side of the country, the non-Congress governments of neighboring Punjab and Haryana states also folded, and mid-term elections may eventually be necessary.

With regard to Congo (Kinshasa), neither the mercenaries nor the Katangans have yet been evacuated from Rwanda despite the Organization for African Unity's efforts. When the International Red Cross pulled out of the operation to airlift the Katangans to Zambia, the Congolese Government produced plans to return them to safe haven in the Congo; the Katangan reaction, however, is still uncertain.

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The Nigerian civil war plods along, as the OAU consultative mission gathers in Lagos in an effort to halt the hostilities.

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## CRISIS OVER CYPRUS

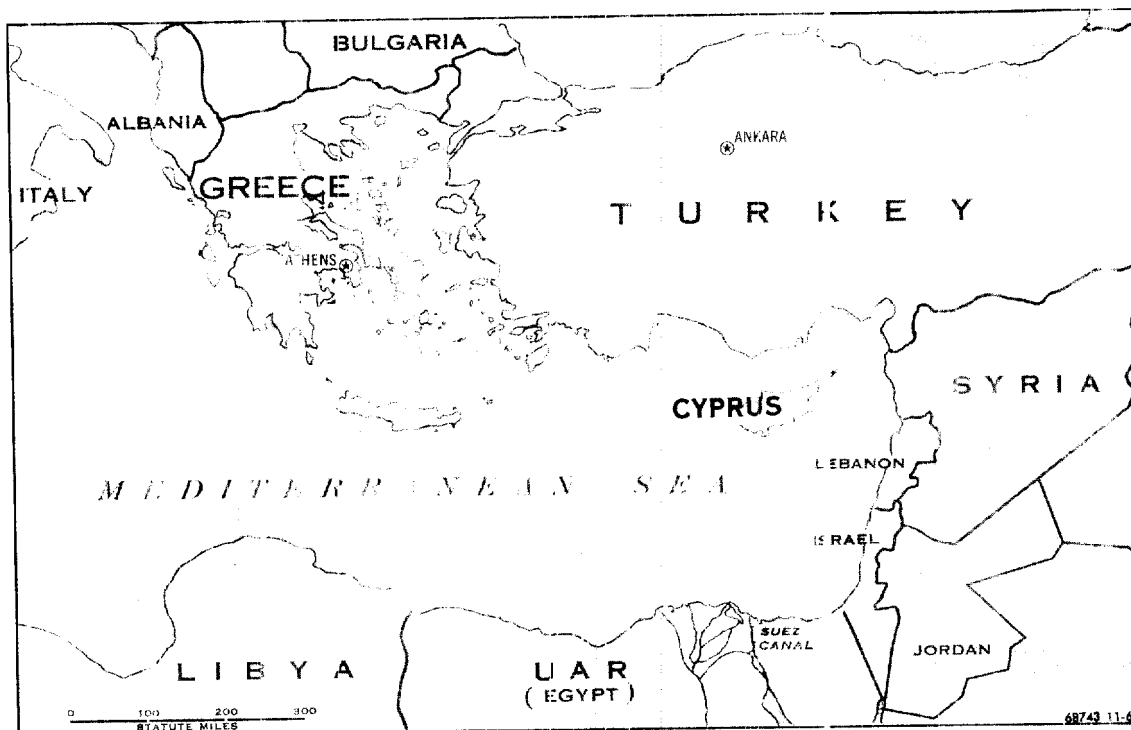
Cyprus itself was generally quiet as of noon on 22 November, but the danger of a violent confrontation between Greece and Turkey remained serious.

Tensions have mounted during the past week, following the outbreak of fighting on 15 November between the Greek Cypriot National Guard and Turkish Cypriots in the Ayios Theodoros - Kophinou area on the island.

Ankara, working through third parties, has insisted that it is

prepared to land troops on Cyprus if the Greek Government does not remove its "illegal" forces from the island. Another of Ankara's demands has already been met--the removal of Greek General Grivas, the commander of Cypriot armed forces and the individual largely responsible for the extent of the 15 November fighting. Although Grivas probably will not return to the island, his absence has not calmed the high state of emotion and military preparedness in Turkey.

Terms for quieting the crisis, which Ankara has apparently agreed



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to, go beyond the removal of troops, although they do call for evacuation of those in excess of the number allowed under the London-Zurich agreements of 1959, which provided the basis for Cypriot independence from the British in 1960. The terms would also include an enlarged and improved mandate for the UN peace force, the payment of an indemnity for the Turkish Cypriot losses in the fighting, and security arrangements for the Turkish Cypriot populace independent of Greek Cypriot authority. Ankara at the same time would be called upon to reaffirm the inviolability and integrity of the Cyprus Republic.

Athens recognizes the seriousness of the situation, but is trying to avoid reacting diplomatically to the Turkish terms until tensions have calmed. It has insisted that a quieter atmosphere was necessary before any thought could be given to the question of troop removal. Foreign Minister Pipinelis said that a Turkish

ultimatum to remove Greek troops could only end in disaster. Athens has not yet answered the Turkish note of 17 November, which it regards as an unmenacing protest of the Ayios Theodoros incident, only hinting at the question of troop removal.

There have been some additional shooting and bombing incidents on the island, but generally the situation there has been calm. Most of the shootings have been initiated by the Turkish Cypriots, probably in the hope of gaining direct support from Ankara, which reportedly recognizes this danger of deliberate provocation. Perhaps to bolster the morale of its island brethren, Ankara has continued to send fighter and reconnaissance aircraft over the island throughout the week.

As of mid-week, it appeared that both sides were still willing to give diplomatic efforts a chance.

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## ARAB-ISRAELI TENSION INCREASES

Israeli policies toward Jordan and the West Bank are reflecting a new and harder line in response to continued terrorism. In an exchange on 20 November between Israeli and Jordanian forces, Israeli shellfire hit an Arab refugee camp and killed 14 Jordanians and wounded 28, mostly refugees.

The Israelis have apparently departed from their previous policy of escalating to heavier weapons only after the other side has done so. On 21 November, the Israelis used planes against Jordanian positions for the first time since the June war.

In early November, the Israelis leveled a Jordanian town on the West Bank which, prior to the June war, had a population of 10,000. The Israelis claimed the town was destroyed because it might provide a possible hiding place for terrorists. The Jordanians claim that the destruction of the town and other homes and buildings in the southern portion of the West Bank is unrelated to terrorism and is an effort by the Israelis to occupy and exploit fertile lands. In any case, the destruction of their homes will discourage the refugees from returning, even if the area is eventually returned to Jordanian control.

This harder Israeli line may have made it impossible for the

Jordanian Government to continue its policy of attempting to prevent Syrian-supported terrorists from crossing Jordan and entering the West Bank and Israel.

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The Arab states have become increasingly fearful of an Israeli strike at Jordan and/or Syria. Much of this Arab fear, however, has been generated by Israeli troop rotations. Increased terrorism in the absence of any Jordanian effort to restrict the movement of infiltrators across its land, however, would almost certainly result in an Israeli retaliatory strike. Although there is no indication at this time that an Israeli action is imminent, the Israelis are capable of mobilizing sufficient forces to mount a retaliatory strike with little or no warning.

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## ALGERIAN LEADERSHIP DISPUTE CONTINUES

The dispute between Revolutionary Council President Boumediene and council member and chief of staff Colonel Tahar Z'Biri probably will continue unresolved for some time.

The dispute broke into the open over a long-rumored cabinet reorganization. Boumediene apparently planned to eliminate Z'Biri's mouthpiece, the left-wing minister of labor, and the minister of agriculture. In turn, Z'Biri has demanded the ouster of some of Boumediene's henchmen and a meeting of the whole Revolutionary Council, in which he stands a better chance of mustering a majority vote than does Boumediene. Although Boumediene is prepared to compromise, Z'Biri remains adamant but apparently unwilling to set off a revolt.

The quarrel is rooted in the antipathy between the Algerian guerrillas--Z'Biri is their symbol--who fought the revolution within the country and those in the military who--with Boumediene--sat out the revolution outside the country. After five-and-a-half years of independence, the former guerrillas have found their power progressively reduced in favor of the small, educated elite around Boumediene.

Z'Biri's present support includes not only the former guerrillas within the army and the National Liberation Front (FLN), but also a heterogeneous coalition of other malcontents: labor leaders, leftists and Communists, and some strong mili-

tary elements. More socialistically oriented, they seek a greater role for organized labor in government. They accuse Boumediene of having scuttled self-management in industry and of letting it die out in agriculture. They also disagree with the regime's policy of allocating oil and gas revenues to industry rather than agriculture.

On the other hand, Boumediene and his close advisers--Foreign Minister Bouteflika, Interior Minister Medeghri, Finance Minister Kaid, and FLN chief Belkacem--are faced with overwhelming economic problems and generally place pragmatism first and ideology second. They have come to rely more and more on technicians as they strive to put Algeria on its feet. Another irritant is that Boumediene holds Z'Biri responsible for having miscalculated Egyptian and Syrian capabilities last June, which led to Algeria's die-hard policy toward Israel, and its resulting embarrassing diplomatic isolation.

Z'Biri--if he did decide on open revolt--probably could count on some support from regional military commanders in eastern Algeria. Boumediene's position is basically stronger, however, bolstered by gendarmerie, police, an efficient intelligence network, and long experience in overcoming challenges to his authority. Among the military, Boumediene enjoys considerable prestige, but not overwhelming loyalty, from his role in its creation and modernization.

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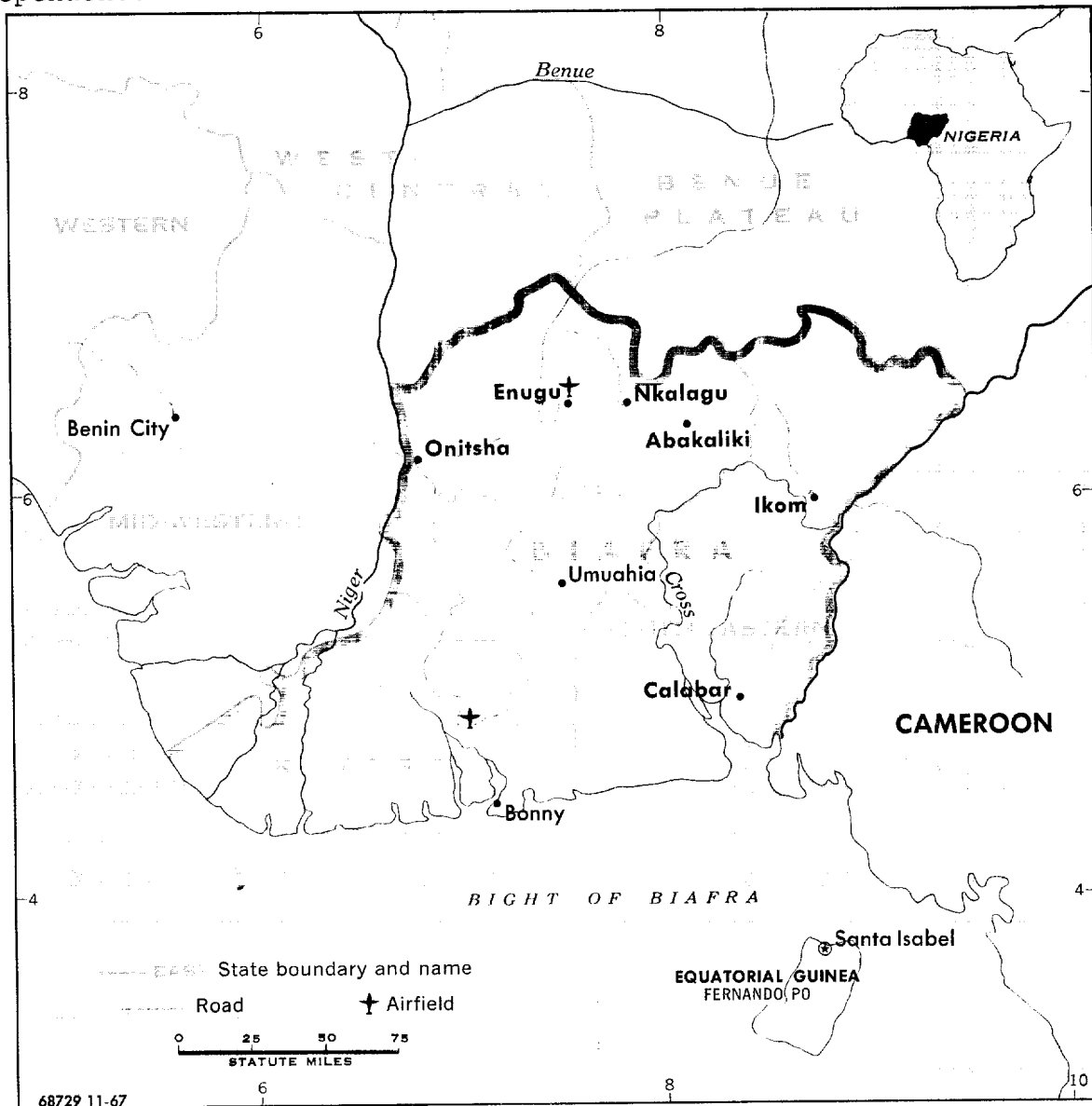
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## NIGERIAN CIVIL WAR PLODS ALONG

Federal military commanders are moving slowly and carefully in the face of stubborn resistance by the secessionist Biafrans. Although hurting, the rebels are doggedly sticking to their fight for independence.

Several recent Biafran attempts to regain their capital, Enugu, failed, but until the Enugu area is secured, federal forces probably will not try to thrust deeper into densely populated Ibo tribal lands. A federal column from the north is



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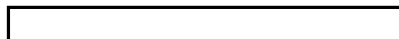
nearing the Enugu-Abaliki road at Nkalagu to relieve Biafran pressure, which so far has denied federal use of the Enugu airfield.

Federal forces on other fronts have also found the going slow. One group, previously thwarted in its attempt to cross the Niger River to Onitsha, has received numerous reinforcements of men and artillery in preparation for another try. In the southeastern area, federal troops have moved north of Calabar toward a crossing point on the Cross River, but Biafran units apparently still are blocking the main road north to Cameroon and

Ikom, where federal troops have had skirmishes with Biafrans recently.

Ojukwu's regime shows no sign of giving up the fight. Recent speeches by Ojukwu and other top leaders exhort the Ibos to greater efforts and reiterate Biafran terms for peace negotiations--full sovereignty for the former Eastern Region.

Federal forces, in addition to a steady stream of small arms and ammunition from a number of sources, have received three MO-VI - class Soviet patrol boats, a part of last summer's deal with the USSR.



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## STABILITY TENUOUS IN FORMER FRENCH EQUATORIAL AFRICA

The recent airlift of a company of French combat troops to Bangui--capital of the Central African Republic (CAR) and geographic center of former French Equatorial Africa--highlights the concern of both the local governments and France over the stability of the four successor countries to the old colonial federation.

Erratic President Bokassa of the CAR is presently in one of his periodic nervous moods, and the airlift to Bangui on 10 November was in direct response to his request for French troops earlier this fall. What prompted the request is not altogether clear, although rumors of impending antigovernment activity have been heard in Bangui.

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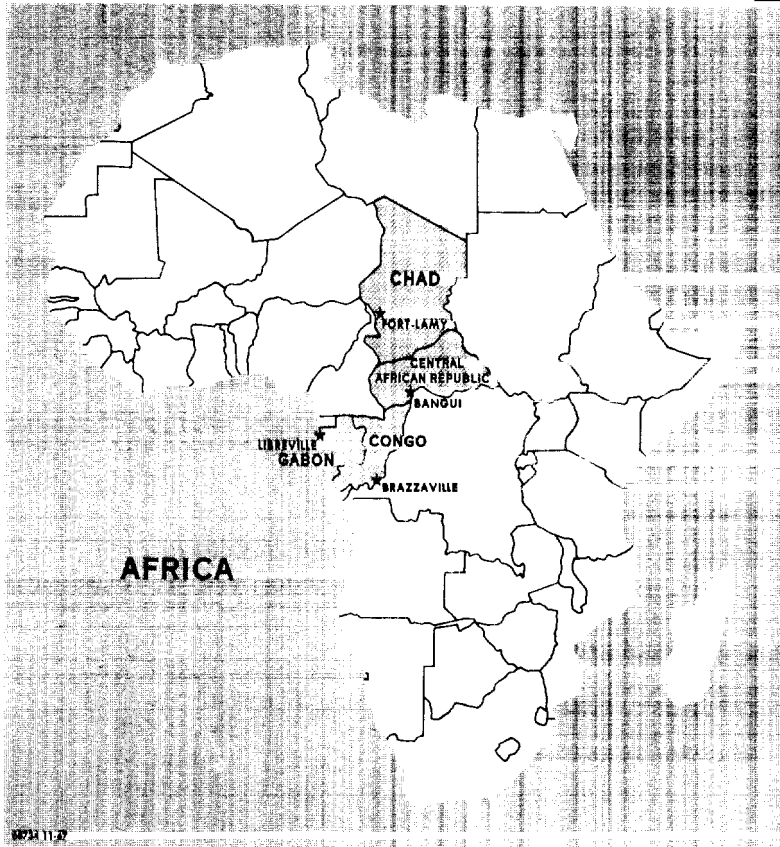
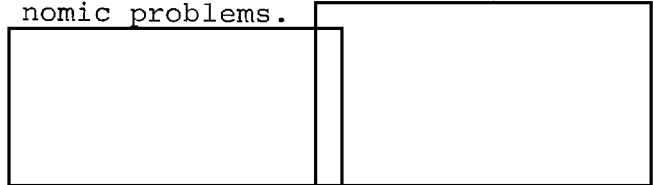
Bokassa has been increasingly critical of Finance Minister Banza, the only person capable of ousting him.

At present, uneasiness is more prevalent in Gabon, where there are signs of renewed worry over the problem of succession to ailing President Mba, who has been in a Paris clinic for over a year. Youthful Vice President Bongo, groomed to succeed to the presidency, has failed thus far to achieve the status and degree of acceptance of Mba. The French are anxious to preserve their dominant influence in Gabon, their primary

source of uranium ore, but apparently hope to avoid a repetition of their direct intervention in 1964 that squelched an anti-Mba coup deemed inimical to French interests.

In Chad, the two-year-old Muslim rebellion continues in the country's eastern provinces, and President Tombalbaye seems increasingly depressed over his inability to solve the nation's pressing economic problems.

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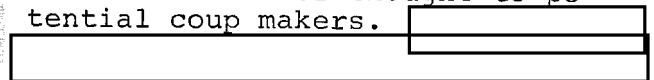


Events in Congo (Brazzaville) continue to be shrouded in obscurity and extremist rhetoric, but the deployment of French combat troops to Bangui could have a sobering effect on the freewheeling radical elements that oppose President Massamba-Debat. Massamba appears to be responsible for whatever moderation persists in Brazzaville, and he seems to have become increasingly acceptable to the French.

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France maintains defense agreements with all four countries and has maintenance-of-order accords with Gabon, Chad, and Congo, under which French troops may be called in to quell internal disorders. The airlift to Bangui is a relatively low-cost preventive measure that gives reassurance to the governments of the area and food for thought to potential coup makers.

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## COMMUNIST CHINA RENEWS EFFORTS IN AFRICA

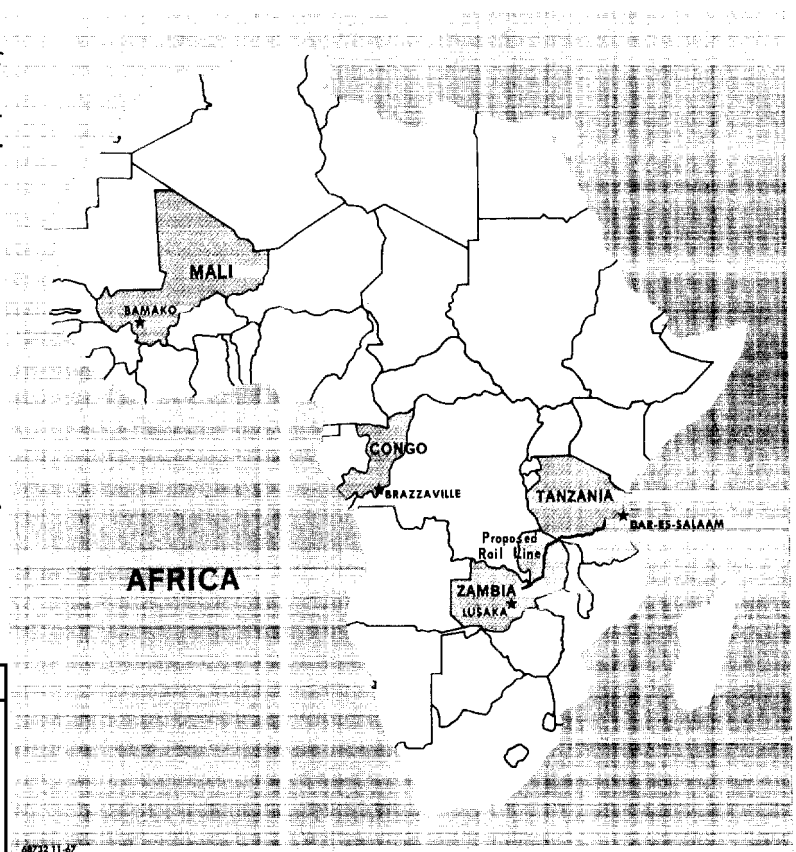
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With the easing of the disruptive pressures of the Cultural Revolution on Chinese foreign affairs, Peking is turning its attention to policy programs, largely held in abeyance for many months, affecting various African countries. Red Guard "supervision" of foreign policy matters began to wane in late August, and since that time the Chinese have stepped up exchanges of delegations and have offered increased economic and military assistance to several African states.

The greatest potential Chinese commitment has been made to Tanzania and Zambia for assistance in constructing the Tan-Zam railroad. In an agreement signed in Peking on 5 September, the Chinese undertook to assist the project, estimated by Western sources to cost about \$400 million and to require from four to eight years to build. Although all parties have given heavy propaganda coverage to the agreement, the Chinese probably have retained the option of reconsidering their participation following initial surveys.

Peking's relations with Mali, which contains the largest Chinese aid mission in Africa, have improved appreciably.

[REDACTED] the Chinese are 25X1 increasing their economic aid efforts in Mali. Following a Sino-Malian aid agreement in August, a new group of 87 Chinese technicians arrived in Mali to join



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the estimated 1,300 Chinese aid technicians already in the country.

The Chinese also reportedly promised substantial financial aid to the Congo (Brazzaville) when Prime Minister Noumazalay visited Peking in early October. A Chi-

nese mission is expected to arrive in Brazzaville in the near future to examine possible new projects. Since 1964, Peking has extended about \$25 million in credits to the Congo and currently has approximately 300 aid personnel there.

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## WESTERN HEMISPHERE

Labor problems are plaguing several Latin American countries, in some cases more for political than for economic reasons.

In Chile, the unions dominated by Communists and Socialists scheduled a general strike on 23 November to protest the government's wage readjustment policies. Brazil faces a similar situation. Illegal strikes, although usually of little individual significance, are becoming more numerous. More often than in the past, they are directed against government wage laws rather than against economic inequities. In Ecuador, where political motives are mixed with legitimate labor grievances, the Arosemena administration has recently taken a firmer stand against Communist-led strikes.

Economic motivation is clearer in Guatemala, where railroad employees who have not been paid recently are threatening the US owners and staff with physical violence. The labor picture in Peru is quiet at present, but the expiration of many contracts in December could lead to union demands for wage increases to compensate for recent price increases.

In Uruguay, labor unions are dominated by Communists, but the leaders have difficulty organizing a strike on purely political issues. Agitation on economic issues is usually successful, and most workers, squeezed between rising prices and stable salaries, probably will respond to any strike call.

In the diplomatic sphere, maneuvering on the part of several candidates for the post of secretary general of the OAS prevented any from getting the necessary two-thirds vote on the first two ballots--the Panamanian and Venezuelan candidates getting the largest vote each time. A simple majority will elect a candidate now, with the next ballot coming on 27 November. Brazilian and Argentine diplomats at home and at the UN were very active in attempting to get a resolution on the Middle East before the Security Council.

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## GUERRILLA DEFEAT GAINS RESPITE FOR BOLIVIAN PRESIDENT

The Bolivian Government's success against the guerrillas--which culminated in the death of Che Guevara and most of his followers--has temporarily strengthened the Barrientos regime at the expense of the opposition parties.

Since the outbreak of hostilities in early March, the disparate and often antagonistic opposition groups had been united in their attack on the government's handling of the guerrilla threat, in the belief that the insurgency would lead to a loss of presidential prestige. The government's success now has thrown the opposition off balance and has exposed again differences within the parties over future policy.

The Movement of the Revolutionary Left (MNR), the party of former president Paz, papered over its internal differences in early June, but now seems once more divided. A number of more militant leaders have written an extremist document, *"The National Revolution Against the North American Occupation,"* which more moderate elements have denounced. [REDACTED]

The Bolivian Socialist Falange (FSB) was already split between militants and those who favor cooperation with the armed forces. It now faces the prospect of a revolt from the middle group, increasingly discontented with the party's inability to adopt a coherent line leading toward eventual attainment of power.

Although the government's position has been temporarily strengthened by these developments, there are signals of danger ahead. The President is more than ever beholden to the armed forces, not only because of their regained prestige but also because of the government's loss of control over some political forces. Four of the seven university student federations have elected Communist leaders during the past four months, a record for leftist hegemony in the troublesome education sector. Also, the government's efforts last year to ensure the election of a sympathetic leader in a major labor confederation seem to have been negated in recent union elections.

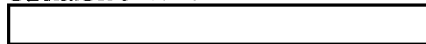
As a result, Barrientos may have to yield to military pressures in a number of important

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areas, perhaps even to the extent of allowing increased military representation in the government. The military can be expected to be less patient than previously in handling a sometimes truculent opposition, whether in street demonstrations or in Congress, and may even press for the exercise of unconstitutional powers.

An even greater danger, however, lies in the possibility that the armed forces--enjoying their first civilian popularity in some time--may seek to consolidate their position by catering to the resurgent wave of nationalism. This may pose serious problems for the US, particularly in relation to private and government investments in Bolivia.



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## PERU'S BELAUNDE TRIES TO WIN WIDER SUPPORT

President Belaunde has named a new prime minister in a belated effort to win support from the opposition-controlled Congress and the business community for his administration's proposals to cope with the current economic problems.

Dr. Raul Ferrero Rebagliati, an expert on international and constitutional law, succeeds to the post held by Edgardo Seoane since 7 September. Until his appointment, Ferrero was a member of the International Court of Justice.

Although the appointment has been greeted with mild ap-

proval by the Congress and the business community, influential leaders of the President's own party have expressed disappointment at the choice. Former prime minister Seoane, reportedly quite bitter over Ferrero's selection, returns to his previous position as secretary general of the governing Popular Action (AP) party.

Seoane's control of the party machinery and his command of the loyalties of the majority of local AP organizations will give him leverage to oppose administration programs that he believes would compromise the party's campaign promises of

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1963. Such opposition could rapidly develop when the new prime minister attempts to reach an agreement with congressional leaders on 1968 budget and tax measures. Some party leaders, in view of the anticipated opposition, are already predicting that the new cabinet will not last long.

Belaunde faces some difficult weeks ahead. The Congress, which will convene in special session on 25 November, is expected to be even less willing than in the past to allow new taxes without an agreement by the administration to make sharp cuts in expenditures. The cost of living continues to inch upward, threatening another round of strikes and wage demands by workers in December, when many wage contracts are up for renewal. If bus fares go up, following an expected rise in gasoline prices, unrest will increase even more.

In a political maneuver to stem the decline in his prestige, Belaunde has moved against the International Petroleum Company (IPC). The government has announced it will take IPC--a subsidiary of Standard Oil of New Jersey--to court to collect additional taxes owed by the company as well as all the company's profits for the last 15 years.

IPC officials are gravely concerned over the effect of this action on the company's future operations. They have indicated that they might shut down the oil fields, which produce nearly 80 percent of Peru's petroleum needs, rather than submit to unfair and excessive taxation. Such action could provoke a confrontation between the government and the IPC which could discourage future US investments in Peru.

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## CHILEAN ELECTIONEERING STIRS POLITICAL SCENE

A senatorial by-election in Chile on 17 December probably will be used by all political parties as a testing ground for the 1969 congressional and 1970 presidential elections.

Although the seat in question is in an agricultural district where local problems are the predominant interest, the opposition will probably campaign primarily on national issues. If it wins, it can then claim that by defeating the candidate of President Frei's Christian Democratic Party (PDC), it has demonstrated Frei's loss of popularity during his three years in office.

The left-wing leadership of the Radical Party (PR) will be trying to prove that its policy of cooperation with the Communists and Socialists is paying important dividends. The PR has nominated Alberto Blatra, president of the Chilean-Soviet Cultural Institute, and has obtained formal support from the Communist Party. The Socialists, always less enthusiastic than the Communists about cooperating with the PR, have as yet made no formal declaration of support. They will not run their own candidate, however, and certainly will in no way hamper Baltra's campaign.

In an attempt to minimize the national implications of

the election, the PDC has nominated one of the area's most popular politicians, Jorge Lavandero. Despite the PDC's decision to run a local man rather than a national figure, the government is certain to be watching the results closely, and members of the administration probably will campaign for Lavandero.

Two relatively small parties are also contesting the election. The conservative National Party has not yet named its candidate, and is running only to keep its name before the voters. PADENA, a small leftist party, has entered the race, but its candidate may withdraw in favor of Lavandero.

One of the most important issues is certain to be the government's wage-price policy for 1968, although this program will have less effect in an agricultural area than in other parts of the country. The program, which calls for part of the 1968 wage readjustment to be paid in bonds of a government fund, has sparked opposition from all political and economic sectors. Lavandero's close association with the Frei administration may be a severe handicap if he is forced to campaign primarily on a platform of support for the wage-price policy.

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## RIGHT-WING PARTY GAINS STRENGTH IN DOMINICAN REPUBLIC

The growing strength of the right-wing Democratic Quisqueyan Party (PQD), which is promoting exiled General Wessin y Wessin as its 1970 presidential candidate, is creating an uneasy political situation in the Dominican Republic. The PQD recently applied for recognition as a political party, a move that could pave the way for Wessin's return from exile in Miami, Florida.

President Balaguer had stated last July that he would permit Wessin to return if sufficient popular support for such a move developed, and he recently acknowledged Wessin's eligibility to participate in forthcoming elections. He has made no move to lift the ban on the general's re-entry into the country, however. Balaguer reportedly believes that Wessin's return at this time would create divisions in the armed forces, on which his government so heavily depends.

Wessin, who led the counter-revolt against the rebel forces that precipitated the civil war of 1965, became a symbol for the rightists and was "voluntarily" retired and exiled to the US in September 1965 by provisional president Garcia Godoy. It appears that he is fast becoming a

rallying point for disaffected political and business elements who for a variety of reasons see him as a potential instrument for upsetting what they consider to be an unsatisfactory status quo. There is reason to believe that Wessin still commands some loyalty in the armed forces, particularly at lower levels, but the number of his followers is believed to be small.

Unfounded rumors of a less-than-positive US attitude toward Balaguer have added to the Wessinista controversy. Such allegations have gained wide currency among rumormongers and have led to charges by otherwise responsible elements that US support is shifting to Wessin.

There are indications that Wessin and his supporters are planning some major move on 1 December. Such an action, unless authorized by the government, could lead to a confrontation between the Balaguer regime and Wessin's followers. So far, pro-Wessin civilian and military elements are not united. Nevertheless, the potential clearly exists for alliances that could pose serious problems for the Balaguer government.

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